OUTGOING TELEGRAM

INDICATE: ☐ COLLECT
☐ CHARGE TO

Department of State

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SENT TO: AMEMBASSY, TRIPOLI

Origin

Info:

Re US economic aid payment and organization Reconstruction Commission:

1. Defense today handed Treasury $4 million check for deposit and investment per Aneizi letter January 29 (URDES 189). Delay due administrative formalities. Airmailing Treasury letter to State outlining consent to handle deposit.

2. Treasury wishes to be advised when Libyan-American Reconstruction Commission formally constituted and be furnished with authenticated specimen signatures of officer or officers authorized to give Treasury instructions on behalf GOL re custody and disposition of funds.

3. Your despatch 226 indicates such person will be Minister Finance as Chairman LARC. In this event and so long as person issuing instructions re account is other than Prime Minister or Foreign Minister, we should receive letter from either informing us of delegation of such authority.

4. Libyan instructions foregoing basis could be sent directly Treasury but preferable system is to give them to you. Treasury will then act basis telegraphic advice State receives from Embassy. Responsibility for making certain bona fides of Libyan request will in latter alternative rest on Embassy which should however airpouch signed original of request.

Dist. Desired (Offices Only)

Drafted by: NEA/AF:GRoot:pkw 3/25/55

Telegraphic transmission and classification approved by: Leo G. Cyr

Clearances:
S/MSA-Frechtling L/MSA-Furman E-LaMacchia Treasury-Bee (in substance)
FOA-Moran;Silver;Rothschild;Bogardus

MAR 25 1955

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DEPARTMENT OF STATE A/CDC/MR 2
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5. Since paragraph 7 URETL 413 indicates GOL may soon wish withdraw $1.4 million Libyans should advise soonest whether Treasury should hold this amount cash account and invest only $2.6 Treasury bills, or invest full $ 3 million per Aneizi letter.

6. Effect enclosure 1 URDES 226 is that Reconstruction Commission is being established by Libyan law as part Libyan Government, which technically might be considered something less than binational organization suggested by September 9 notes. However, under circumstances, including special nature and source funds, we will not insist on additional intergovernmental agreement at this time. You should nevertheless make every effort to preserve following principal implications September 9 notes as basis US participation in Commission: US aid promised therein is for Libya's economic development; it is to be spent under supervision Libyan-American Commission; and such Commission "joint" in sense both partners have substantial interest and voice in determining and supervising expenditures.

7. Re any possible future aid for Libya, important bear in mind ~~that~~ September 9 notes probably would not suffice and new agreement imposing more specific (but customary) restrictions probably would be necessary.

8. GOL does not appear anywhere in writing to have committed US aid funds under September 9 agreement to care Reconstruction Commission. Leave to your discretion how this omission can best be remedied. Believe there should be no doubt on this score and that on passage Libyan bill GOL should instruct us that henceforth funds US Treasury should be held for account of Libyan-American Reconstruction Commission.

Dulles
(LLC)

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